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FCC - MAILROOM

October 5, 2005

Marlene Dortch  
Office of the Secretary  
Federal Communication Commission  
445 12th Street SW, Suite TW-A325  
Washington, DC 20554

Re: Annual Payphone Compensation Compliance Auditor's Report

Dear Ms. Dortch;

Enclosed is the Independent Accountants' Report for Global Rock Networks Inc., for the period July 1, 2004 to June 30, 2005, in compliance with Section 64.1310(a)(1) of the Federal Communications Commission Report and Order in CC Docket No. 96-128.

Please file as required.

Sincerely,

Peter Golomb  
Treasurer

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**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

**Independent Accountants' Report**

To the Board of Directors  
GlobalRock Networks, Inc.  
Summit, New Jersey

We have examined GlobalRock Networks, Inc.'s ("GlobalRock") compliance with Section 64.1310(a)(1) of the Federal Communications Commissions Report and Order in CC Docket No. 96-128, adopted September 30, 2003 as detailed in Attachment A, including its policies and procedures required to be in place under the Order effective July 1, 2004 for the period from July 1, 2004 through June 30, 2005. Management is responsible for GlobalRock's compliance with those requirements. Our responsibility is to express an opinion on GlobalRock's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about GlobalRock's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on GlobalRock's compliance with specified requirements.

In our opinion, GlobalRock complied, in all material respects, with the aforementioned requirements for the period from July 1, 2004 through June 30, 2005.

*Padgett, Stratemann & Co.*

Certified Public Accountants  
September 20, 2005

Attachment

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**Report of Management on Compliance with Applicable Requirements  
of Section 64.1310(a)(1) of the FCC's Rules and Regulations**

The Management of GlobalRock Networks, Inc. ("GRN" or the "Company") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to GRN's Payphone Call Tracking Systems.

GRN is acknowledged as the "Completing Carrier" in the following call scenario:

- A call is generated by the toll free Originating Carrier over dedicated lines connected between the Originating Carrier & GRN. GRN uses telecommunications protocol allowing the passing of information with information digits, calling party number (ANI), and the called party's number (DNIS). GRN provides domestic and international termination services on its equipment in the form of a Phone Card. The service is considered as successfully completed when a customer accomplishes the following: GRN customer dials the GRN toll free access number. GRN customer enters their Phone Card PIN and dials their desired terminating number. The call connects to the GRN customer's dialed party's destination and the GRN customer is able to conduct an adequate conversation.

All assertions for GRN are from the point GRN has visibility to the call tracking data.

GRN uses the Billing Concept, Inc. ("Billing Concept") for payphone compensation settlement. GRN has obtained and relied upon third-party assurance from BILLING CONCEPT to verify that controls and procedures relating to these assertions have been established and maintained by BILLING CONCEPT. An independent assessment of the effectiveness of such controls has been performed by an independent accounting firm.

GRN represents the following assertions where it is identified as the Completing Carrier:

**FCC Compliance Factor (1) – GRN's ("Completing Carrier") procedures accurately track calls to completion.**

- GRN's definition of the "per-call rate" is in compliance with FCC rules. The per call rules are as follows:

Per-call rate:

Before 09/27/2004: \$.24 per call

After 09/27/2004: \$.494 per call

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- GRN's definition of a "Compensable Call" (payphone-originated call that completes over GRN's network in which GRN identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- GRN's definition of a "Completed Call" of the following scenerio is in compliance with the FCC rules:

The service is considered as successfully completed when a customer accomplishes the following: GRN customer dials the GRN toll free access number. GRN customer enters their Phone Card PIN and dials their desired terminating number. The call connects to the GRN customer's dialed party's destination and the GRN customer is able to conduct an adequate conversation.

- GRN's systems are able to generate the following reports on a quarterly basis:
  - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by GRN.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling GRN's payphone compensation.
  - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to GRN categorized according to toll-free and access code numbers.
- GRN's data storage requirement (18 months) is in compliance with FCC rules.
- GRN's procedures for identifying PSPs are complete and accurate.
- GRN's procedures for validating payphone ANIs are complete and accurate.

**FCC Compliance Factor (2) – GRN ("Completing Carrier") has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.**

- GRN has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- GRN has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.

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- GRN has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets.
- GRN has designated personnel who are responsible for developing compensation-tracking reports.
- GRN has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC Compliance Factor (3) - GRN ("Completing Carrier") has effective data monitoring procedures.**

- GRN has the ability to prepare quarterly reports on payphone call counts, PSP identities and numbers dialed.
- GRN performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- GRN has the ability to produce trend reports of excluded calls.
- GRN performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- GRN has the ability to investigate and resolve PSP disputes.

**FCC Compliance Factor (4) - GRN ("Completing Carrier") adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.**

- GRN has security controls in place to control access to and monitor call-tracking data.
- GRN has security controls in place to control access to and monitor the payment disbursement system.
- GRN has a department that is responsible for making software changes that affect payphone compensation.
- GRN has established protocols to implement and test software changes affecting payphone compensation.
- GRN has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

**FCC Compliance Factor (5) - GRN ("Completing Carrier") creates a compensable payphone call file by matching call detail records against payphone identifiers.**

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- GRN utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- GRN uses payphone specific identifiers (info digits or ANI lists) to identify a compensable payphone call record.
- GRN applies validation and control procedures to compile the Compensable Call File.

**FCC Compliance Factor (6) – GRN (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.**

- GRN's systems are able to generate the following reports on a quarterly basis:
  - a) A list of the toll free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.
  - b) The volume of calls for each toll free and access number that was completed by GRN.
  - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the GRN's payphone compensation.
  - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to GRN categorized according to toll-free and access code numbers.
- GRN possess a valid list of payphone owners identified by ANI.

**FCC Compliance Factor (7) - GRN (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.**

- GRN maintains required call tracking data for at least 18 months.
- GRN has the ability to investigate and resolve PSP disputes.
- GRN has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC Compliance Factor (8) – Critical controls and procedures have been tested by GRN (“Completing Carrier”) to verify that errors are insubstantial.**

- GRN has procedures to identify payphone-originated calls.
- GRN has procedures to capture dial-around calls.

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- GRN has procedures to exclude incomplete calls from the Compensable Call File.
- GRN has procedures to accurately populate call record data in the Compensable Call File.
- GRN has procedures to exclude commissioned calls from the Compensable Call File.

**FCC Compliance Factor (9) – GRN (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.**

- GRN has business rules that identify calls originated from payphones.
- GRN has business rules that identify compensable payphone calls.
- GRN has business rules that exclude incomplete calls.
- GRN has business rules to determine the identities of the payphone service providers to which GRN owes compensation.

***GRN's – Required Disclosures per 64.1320(d)***

- GRN's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70.
- GRN's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70, combined with the following scenario:

GRN customer dials the GRN toll free access number. GRN customer enters their Phone Card PIN and dials their desired terminating number. The call connects to the GRN customer's dialed party's destination and the GRN customer is able to conduct an adequate conversation.


Calls originating from payphones where GRN has a separate compensation agreement in place are excluded from the Compensable Call File.

- GRN's criteria for identifying incomplete or otherwise noncompensable calls include:
  - 1) Calls that do not have info-digits 27, 29 or 70.
  - 2) GRN customer dials the GRN toll free access number. GRN customer enters their Phone Card PIN and dials their desired terminating number. The call does not connect to the GRN customer's dialed party's destination and the GRN customer is not able to conduct an adequate conversation.

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- 3) Calls that originate from payphones where GRN has a separate compensation agreement in place.
- GRN's criteria used to determine the identities of the PSPs to which GRN owes compensation is established by BILLING CONCEPT, GRN's clearinghouse for settlements.
  - The type of information that GRN needs from the PSPs in order to compensate the PSPs is determined by BILLING CONCEPT.

Dated: September 20, 2005

  
Peter Golomb  
Global Rock Networks Inc.